
BOARD OF TRUSTEES OF THE INDIANA STATE TEACHERS' RETIREMENT FUND

Resolution No. 2010-11-01

Adopting rules related to the administration of the Fund as described herein.

WHEREAS, the Indiana State Teachers' Retirement Fund exists to provide retirement benefits to its members, their survivors, and beneficiaries;

WHEREAS, the Board of Trustees of the Indiana State Teachers' Retirement Fund, by statute, administers the Fund;

WHEREAS, the Board of Trustees, pursuant to [IC 5-10.4-3-8](#), may establish and amend rules and regulations for the administration of the Fund without adopting a rule under Indiana Code 4-22-2; and

WHEREAS, the Board of Trustees of the Indiana State Teachers' Retirement Fund wishes to adopt, readopt, amend, and/or repeal certain rules contained or to be contained in the Indiana Administrative Code related to the administration of the Fund as described herein;

NOW THEREFORE, BE IT RESOLVED by the Board of Trustees of the Indiana State Teachers' Retirement Fund that:

SECTION 1. [550 IAC 2-2-2.5](#) IS AMENDED TO READ AS FOLLOWS:

[550 IAC 2-2-2.5](#) Administrative review and appeals of staff action

Authority: [IC 5-10.4-3-6](#); [IC 5-10.4-3-8](#)

Affected: [IC 4-21.5-3-5](#); [IC 4-21.5-3-28](#); [IC 5-10.4-2-1](#)

Sec. 2.5. (a) The purpose of this rule is to establish procedures to process petitioner appeals of TRF staff action, determinations, or decisions hereinafter referred to as "staff action" in accordance with and pursuant to the Indiana **Administrative** Orders and Procedures Act (Act), [IC 4-21.5-3](#).

(b) Pursuant to [IC 4-21.5-3-28](#), the executive director (ED) as the board's delegate shall conduct a final **is the ultimate** authority proceeding to issue **and has set forth the following review process to be followed before a final order is issued:**

~~(c) The administrative review process will be as follows:~~

~~(1) When responding to a member's requests for an appeal of staff action, the following procedure shall be used. The staff action shall be reviewed by a supervisor of the TRF personnel who took the~~ **will issue an initial determination of its response to a** ~~questioned action. and the supervisor shall investigate whether such action was correct and whether a suitable alternative solution is available.~~

~~(2) If the staff action is determined to be correct, and if no suitable alternative solution is available, the appeal shall be forwarded to the TRF general counsel for review and response. TRF shall prepare a response and attach a summary of the member's right to administrative review and forward it to The stakeholder by certified U.S. mail. This response shall be TRF's initial determination~~ **will be sent by certified mail to the stakeholder with a summary of the member's right to administrative review.**

~~(3) Pursuant to [IC 4-21.5-3-5](#), the petitioner will have fifteen (15) days from receipt of TRF's initial determination to appeal in writing.~~

~~(4) Upon receipt by TRF a copy of the appeal shall~~ **will be sent to the administrative law judge (ALJ) assigned to the matter.**

~~(5) The assigned ALJ may set a prehearing conference to discuss issues of discovery and motions for summary judgment and to determine a briefing schedule.~~

~~(6) If an evidentiary hearing is required, TRF shall~~ **will provide space which is equipped with a recording device to conduct the hearing and or engage a court reporter to make a record of the hearing if necessary.**

~~(7) Once the ALJ has entered a disposition of the case, the ED will affirm, modify, or dissolve the ALJ's order. The ED may remand the matter, with or without instructions, to the ALJ for further proceedings.~~ **decision and recommended order, the petitioner will have fifteen (15) days to object to the ALJ's decision.**

~~(8) A party not in default under the Act must file with the ED an objection which identifies the basis of the objection with reasonable particularity within fifteen (15) days after the order is served on the member in order to preserve an objection for judicial review.~~

~~(9) Even without an objection under subdivision (8), the ED may serve written notice of its intent to review~~

~~any issue related to the order and such notice shall be served on all parties. The notice must identify the issues that the ED intends to review.~~

~~(10) In the absence of an objection or notice under subdivision (8) or (9), the ED shall affirm the ALJ's order.~~

~~(11) The petitioner shall be notified by certified U.S. mail of the final order.~~

(8) The ED will make a final determination to affirm, modify, or dissolve the ALJ's order. The executed final order will be mailed by certified mail to the ALJ and petitioner.

~~(12) (9) The petitioner has thirty (30) days from receipt of the final order to petition a court of jurisdiction for judicial review.~~

~~(13) (10) If no petition for judicial review is filed within the thirty (30) day time period, the file is closed.~~

~~(14) (11) This rule shall be interpreted to conform to the Act and shall be implemented pursuant to and in accordance with the Act.~~

(Board of Trustees of the Indiana State Teachers' Retirement Fund; [550 IAC 2-2-2.5](#); adopted Dec 16, 2009: [20100106-IR-550090990ONA](#); errata filed Jan 19, 2010, 12:48 p.m.: [20100203-IR-550100043ACA](#); adopted Nov 19, 2010: [20101208-IR-550100723ONA](#))

SECTION 2. [550 IAC 2-4-5](#) IS AMENDED TO READ AS FOLLOWS:

[550 IAC 2-4-5](#) Member designation of beneficiaries

Authority: [IC 5-10.4-3-6](#); [IC 5-10.4-4-10](#)

Affected: [IC 5-10.2-3-7.5](#); [IC 5-10.2-3-10](#); [IC 5-10.4-4-10](#)

Sec. 5. (a) A new member shall designate, by name, primary and secondary beneficiaries to receive the assets present in the annuity savings account **equally or designated by whole percentage increments** on the occasion of the member's death prior to retirement, less any disability benefits paid.

(b) A member who establishes a rollover account pursuant to [IC 5-10.2-3-10](#) may designate a beneficiary or beneficiaries separate from those designated on the member's annuity savings account under the requirements as stated herein.

(c) A member may name more than one (1) individual as primary or contingent beneficiaries of the member's annuity savings account or rollover account. **Members may designate that the assets held in the account shall be divided equally or allocated by whole percentage increments to primary and contingent beneficiaries.** Upon the member's death, the assets held in the account shall be divided equally among the surviving primary beneficiaries or, if none, among the surviving contingent beneficiaries, or by whole percentage increments to such beneficiaries if the member has designated percentage increments on a TRF form. Alternative beneficiary designations, such as per stirpes or by representation, will not be accepted or recognized by the fund. **If a member has designated more than one (1) primary beneficiary, and one (1) or more of the primary beneficiaries predecease the member and the member does not complete a new beneficiary designation form, the remaining primary beneficiaries will receive an apportioned pro rata share based on the remaining primary beneficiaries' allocated percentages of the deceased primary beneficiary or beneficiaries portion. For example, member X designates three (3) primary beneficiaries as follows: Ann 60%, Bob 30%, and Carl 10%. Ann predeceases member X, and member X does not submit a new beneficiary designation form. Member X had \$10,000 in her annuity savings account (ASA) at the time of her death. Ann's 60% share will be divided between Bob and Carl as follows: Bob \$4,500 and Carl \$1,500. Therefore, the total amount that Bob will receive from member X's ASA is \$7,500, and the total amount that Carl will receive from member X's ASA is \$2,500.**

(d) A member may name a trust, the member's estate, or other legal entity as the beneficiary of the member's annuity savings account or rollover account.

(e) A member may change his or her beneficiary designation in a manner and form approved by the board. Only beneficiary designations received by the fund or in the case when it was postmarked on or before the date of death shall be valid. The designated beneficiary's right to a benefit vests on the date of death of the member.

(Board of Trustees of the Indiana State Teachers' Retirement Fund; [550 IAC 2-4-5](#); filed Oct 5, 1992, 5:00 p.m.: 16 IR 707; readopted filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; adopted Mar 27, 2007: [20070404-IR-550070200ONA](#); adopted Apr 21, 2010: [20100505-IR-550100241ONA](#); adopted Nov 19, 2010: [20101208-IR-550100723ONA](#))

SECTION 3. [550 IAC 2-7-4.5](#) IS AMENDED TO READ AS FOLLOWS:

[550 IAC 2-7-4.5](#) Annuity savings account contributions received by TRF subsequent to processing of

retirement benefit

Authority: [IC 5-10.2-2-1](#); [IC 5-10.2-2-1.5](#); [IC 5-10.4-3-8](#)

Affected: [IC 5-10.2-4-2](#)

Sec. 4.5. (a) Notwithstanding a member's election to receive an annuity provided by the amounts credited to the member's annuity savings account at retirement, annuity savings account contributions posted to a member's account subsequent to the final date on which the member's benefit is processed may be distributed to the member in a lump-sum payment.

(b) Pursuant to [IC 5-10.2-4-2\(b\)\(2\)](#), a member electing to **fully or partially** annuitize his annuity savings account in contemplation of retirement will have the entire amount in his annuity savings account moved into a fixed value account, set at the same rate as the guaranteed fund. Once the annuity savings account is moved into a fixed value account in contemplation of retirement, the election cannot be changed. **In addition, any annuity savings account contributions posted to a member's account subsequent to the final date on which the member's benefit is processed shall be held in a fixed value account, set at the same rate as the guaranteed fund, until such time as that amount is distributed to the member.** (*Board of Trustees of the Indiana State Teachers' Retirement Fund; [550 IAC 2-7-4.5](#); adopted Dec 16, 2009: [20100106-IR-550090990ONA](#); adopted Nov 19, 2010: [20101208-IR-550100723ONA](#)*)

SECTION 4. [550 IAC 2-7-8](#) IS AMENDED TO READ AS FOLLOWS:

[550 IAC 2-7-8](#) Employer payments

Authority: [IC 5-10.2-2-1](#); [IC 5-10.4-3-8](#)

Affected: [IC 5-10.2-3-2](#); [IC 5-10.2-4-2](#); [IC 5-10.4-7-6](#); [IC 5-10.4-7-8](#)

Sec. 8. (a) In accordance with and pursuant to [IC 5-10.4-7](#), not later than January 15, April 15, July 15, and October 15 of each year, the treasurer of a school corporation, the township trustee, or the appropriate officer of any other institution covered by TRF shall make payments to TRF and make a report to TRF in a form and manner as described by TRF. Amendatory reports to correct errors or omissions may be required and made.

(b) Notwithstanding subsection (a), as allowed in [IC 5-10.4-7-6](#), once TRF gives reasonable notice to covered employers and after installation of the ERM system, the due date for contributions is seven (7) days after a covered employer's payroll.

(c) Any payments not made on the due date automatically **may at TRF's discretion** accrue interest at a rate equal to the prime rate reported in the Wall Street Journal on the first date of payment default, plus two (2) percentage points. **the rate established in section 9 of this rule.**

(d) Any employer who fails to submit required contributions and reports within thirty (30) days of the due date will be subject to a penalty as set forth in [IC 5-10.4-7-8](#). If the thirtieth day following the due date falls on a Saturday, Sunday, or a legal holiday, the due date becomes the next working day. It shall be the responsibility of the local official to employ such method of delivery to insure that the report and payment will reach TRF on or before the due date.

(e) **An employer who has elected to pick up the mandatory employee contributions of its employees must do so by resolution in accordance with [IC 5-10.2-3-2\(d\)](#). An employer who wants to rescind its election to pick up the mandatory employee contributions must do so in writing with approval of its governing body. The change will be effective the quarter following the date TRF receives and approves the change.** (*Board of Trustees of the Indiana State Teachers' Retirement Fund; [550 IAC 2-7-8](#); adopted Dec 16, 2009: [20100106-IR-550090990ONA](#); errata filed Jan 19, 2010, 12:48 p.m.: [20100203-IR-550100043ACA](#); errata filed Feb 17, 2010, 12:09 p.m.: [20100310-IR-550100109ACA](#); adopted Apr 21, 2010: [20100505-IR-550100241ONA](#); adopted Nov 19, 2010: [20101208-IR-550100723ONA](#)*)

SECTION 5. [550 IAC 2-7-10](#) IS ADDED TO READ AS FOLLOWS:

[550 IAC 2-7-10](#) Social Security integration; benefit calculation

Authority: [IC 5-10.2-3-6](#)

Affected: [IC 5-10.2-4](#)

Sec. 10. (a) Pursuant to [IC 5-10.2-4-7\(b\)\(3\)](#), a member who retires between fifty (50) years of age and sixty-two (62) years of age may integrate the member's monthly pension benefit with the member's

estimated Social Security benefits. This option increases the monthly pension benefit amount for which the member would ordinarily be eligible from the date of retirement until sixty-two (62) years of age. When the member reaches sixty-two (62) years of age, the member's monthly pension benefit will be reduced. Depending upon the factors used in the calculation, the member's monthly pension benefit may be reduced to zero (0). Such reduction will occur whether or not the member applies for Social Security Administration benefits.

(b) To receive an estimate of the member's monthly pension benefit with Social Security integration, the member shall obtain an estimate of Social Security benefits to be received at sixty-two (62) years of age from the Social Security Administration and provide the estimate to TRF.

(c) For retirement benefits payable on or after January 1, 2010, a member's pre-sixty-two (62) monthly pension benefit with Social Security integration shall be computed as follows:

(1) Multiply the member's Social Security estimate for benefits to be received at sixty-two (62) years of age and actuarial factors established by TRF's actuary, and obtain a product.

(2) Add the amount of the member's pension as calculated in [IC 5-10.2-4-4](#) and [IC 5-10.2-4-5](#) to the product obtained in subdivision (1).

(d) For retirement benefits payable on or after January 1, 2010, a member's monthly pension benefit with Social Security integration at sixty-two (62) years of age shall be computed as follows:

(1) Multiply the member's Social Security estimate for benefits to be received at sixty-two (62) years of age and actuarial factors established by TRF's actuary, and obtain a product.

(2) Subtract the product obtained in subdivision (1) from the member's pre-sixty-two (62) monthly pension benefit with Social Security integration as calculated in subsection (c).

(e) The amount of the member's Social Security benefits shall not be affected by the member's election of Social Security integration. *(Board of Trustees of the Indiana State Teachers' Retirement Fund; [550 IAC 2-7-10](#); adopted Nov 19, 2010: [20101208-IR-550100723ONA](#))*

DATED: November 19, 2010

Ken Cochran, President of the Board of Trustees
Indiana State Teachers' Retirement Fund

Resolution adopted by 6 affirmative, 0 negative votes.

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